



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:

3504 / (UT-9223)

UTU-0115850,

UTU-0122693,

UTU-0122694,

UTU-0124568,

UTU-0126939 and

UTU-76312

FEB 26 2016

RECEIVED
MAR 01 2016
DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – 91 7199 9991 7035 9043 6814

Return Receipt Requested

DECISION

American Gilsonite Company
29950 South Bonanza Highway
Bonanza, Utah 84008

: Gilsonite Leases
: UTU-115850 et al.
:

Bond Required

On June 24, 2015, our office received assignments of Federal gilsonite leases UTU-0115850, UTU-0122693, UTU-0122694, UTU-124568, UTU-0126939 and UTU-76312, with American Gilsonite Company, as assignee, and Ziegler Chemical & Mineral Corp., as assignor.

On January 21, 2016, this office received a memorandum from our Vernal Field Office recommending that your statewide bond be increased by \$383,000 to provide coverage for these assigned leases.

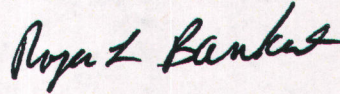
However, by a decision dated June 29, 2015, our office required a phased bonding increase for your leases based on production and reclamation requirements. Currently, it appears as if your statewide bonding requirement for production has significantly decreased, although further reclamation bonding may need to be incorporated as to the current bond required amount.

Therefore, the Utah State Office, in conjunction with the Vernal Field Office, is requiring that the statewide bond be increased in the amount of \$150,000 prior to approval of these lease assignments. Any further bonding liability for these leases will be accomplished by the bonding increases required by the June 29, 2015 decision.

This \$150,000 amount may be provided by submitting a new statewide surety bond or a statewide personal bond (cash or Treasury note) for the required amount. Enclosed are forms for submitting a surety bond (Form 3504-3) or a personal bond (Treasury note or cash in lieu of bond) (Form 3504-1). If you do not agree with the bond amount, you must submit written justification to this office clarifying your position for a lesser bond amount.

Note that if some or all of the disturbances on these leases are reclaimed, or if production on these leases changes, another bond review would be performed and appropriate adjustments to this bond amount may be made.

If you have any questions, please contact Bill Buge of this office at (801) 539-4086.



Roger L. Bankert
Chief, Branch of Minerals

Enclosures:

1. Surety Bond Form 3504-3
2. Personal Bond and Power of Attorney Form 3504-4

cc: Utah Division of Oil, Gas and Mining
Green River District Office (UTG00)